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September 13, 2016

To: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
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From: Sachi A. Hamai
Chief Executive Office

RESPONSE TO MOTION BY SUPERVISORS SOLIS AND KNABE (ITEM NO. 1, AGENDA OF MAY 17, 2016)

On May 17, 2016, the Board of Supervisors (Board) directed the Chief Executive Office Research and Evaluation Service (RES) Unit to work with the departments of Health Services (DHS), Mental Health (DMH), Public Health (DPH), Public Social Services (DPSS), Sheriff, and Probation to examine how County funds that go towards homeless services each year are spent, as well as to provide additional data and analysis, with a particular focus on the resources allotted to the five percent of homeless single adults that utilize 40 percent of this funding. The motion directed RES to report back in 90 days with a plan that focuses on this challenging population, in order to direct more effective spending on an ongoing basis to reduce overall homelessness in Los Angeles County.

On February 9, 2016, the Board unanimously approved the Los Angeles County Homeless Initiative's recommendations, which included 47 coordinated countywide strategies to combat homelessness, which were developed in collaboration with internal and external County government stakeholders. Among the supporting materials included with the recommended Homeless Initiative strategies, a report prepared by RES estimated that six County agencies spent a combined total of close to \$1 billion on approximately 150,000 single adults who experienced episodes of homelessness during FY 2014-15. Within this overall combined estimate, RES's analysis shows the County's spending to be highly concentrated on a fractional minority of service users. Based on this finding, the Board directed the CEO to "prioritize housing and services for homeless single adults for whom the County incurs the highest costs, and identify potential resulting savings to be re-deployed to combat homelessness."

"To Enrich Lives Through Effective And Caring Service"

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Attachment 1, a brief produced by RES, responds to the May 17, 2016 Board motion, specifically addressing the following three issues:

- The data-driven process RES has developed jointly with the Homeless Initiative and County Counsel for identifying the County's most expensive homeless single adults and engaging them with more cost-effective services;
- An overview of in-progress efforts to introduce predictive methods into the process of identifying high-acuity service users for the purpose of providing County agencies with more tools to intervene in both actual and prospective expensive service utilization patterns; and
- The service use patterns observed among the most expensive five percent in RES' FY 2014-15 cost report, specifically, with respect to their implications for the prioritization of high-acuity service users for outreach, housing, and services.

If you have any questions, please contact Fesia Davenport, Assistant Chief Executive Officer, Strategic Integration Branch, at (213) 974-1186 or at fdavenport@ceo.lacounty.gov.

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PA:HK:km

Attachment

C: Executive Office, Board of Supervisors
 County Counsel
 Health Services
 Los Angeles Homeless Services Authority
 Mental Health
 Probation
 Public Health
 Public Social Services
 Sheriff

Overview - May 17, 2016 Board Motion

This brief is in response to a motion adopted by the Board of Supervisors on May 17, 2016 (Board Agenda Item 1). The motion directed the Research and Evaluation Services unit within the Chief Executive Office's Service Integration Branch (CEO/SIB/RES) to report back in 90 days with information on the most expensive 5% Segment among the homeless single adults in RES's Fiscal Year (FY) 2014-15 homeless cost report. The motion further directed RES to include a plan for engaging costly homeless single adults with housing and more cost-effective services.

Development of a Prioritization Process

In response to the Board's directive to develop a plan to house and engage high-acuity homeless adults with more cost-effective services, RES worked collaboratively with the Homeless Initiative and County Counsel to craft a process intended to routinely identify the 5% Segment within the County's population of homeless single adults and prioritize these County clients based on the costs associated with providing them with services, benefits and care. In the remainder of this brief, we refer to this segment of the County's homeless population as '*the 5% Segment*.'

- With some key modifications discussed below, the proposed process replicates the methodology deployed in building a homeless study population for RES's FY 2014-15 cost report, in which RES worked with the Los Angeles Homeless Services Authority (LAHSA) and County agencies to build a master file of single adults who were identified as being homeless at the time services were delivered to them within the most recent 12 months.
- The primary difference in the method to be used in identifying and prioritizing the 5% Segment for outreach and engagement is the transfer of *identifiable* homeless source files to RES.
- The process will involve the eight steps shown in Table 1. Upon completion of the process, an electronic file containing the names of the most expensive homeless single adults known to the County will be rank-ordered by cost and placed on a secure server. Access to the file will be granted to designated personnel at County agencies and LAHSA for purposes of outreach and engagement.

Table 1. Identifying and Prioritizing the Most Expensive Homeless Single Adults in Eight Steps

Step	Description
1. Collection of homeless source data from four agencies ⁺	DHS, DPSS, and Probation transmit identifiable homeless client source files to RES over a secure server two times per year. RES will additionally travel to LAHSA headquarters to obtain identifiable HMIS source files on site.
2. De-identification [*]	Upon receipt of the homeless source files from the four agencies, RES will encrypt and de-identify the data.
3. Matching the master file against records across six County agencies	After the above-described processes of assimilation and un-duplication are complete, the master file is matched against the most recent six months of services available in the data warehouse for DHS, DMH, DPH/SAPC, DPSS, Probation and the Sheriff.
4. Client-level analysis of expenditures over the most recent six months	The match results are analyzed and County expenditures are produced for all clients in the master file.
5. Paring the match results down to the most expensive 5% Segment and rank ordering the service users	The most expensive 5% Segment in the six-month match file are extracted from the master file and rank ordered from most to least expensive.
6. Removal of service information from the ranked file [^]	Service information is removed from the de-identified 5% Segment ranking, as well as all other information except for the encrypted/de-identified name, DOB, truncated SSN, and any known contact information.
7. Placement of the ranked file on a secure server so as to be queries for purposes of outreach and engagement. ⁺⁺	With the service information removed, the ranked 5% Segment file is <i>re-identified</i> and placed on a secure server and can be queried by designated personnel and contractors at DHS, DMH, DPH/SAPC, DPSS and LAHSA.
8. Preparation of agency-specific lists	All six agencies included in the cost analysis for the ranking, including those barred from querying the file placed on the server referenced above, will receive lists of the adults in the 5% Segment subpopulation who are their clients.

⁺The files sent to RES will not include any information on the services used by the clients. The files will consist only of the identifying information needed to complete the encryption/de-identification of the clients for the data matches to be performed.

^{*}This step is necessary because encrypting the data with specialized software provides the unique client-level identifier that enables the clients to be linked to County service records in the Enterprise Linkages Project (ELP) data warehouse.

[^]Any adults ranked in the 5% Segment file who only used DPH/SAPC services will be redacted from the file.

⁺⁺The Sheriff and Probation cannot query the ranked file. However, as described below, each department will receive a specialized list consisting exclusively of their clients in the 5% Segment.

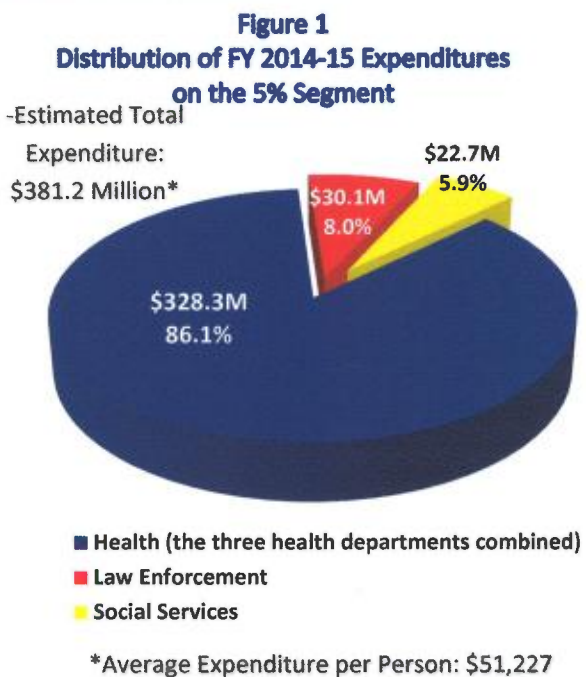
Exploring the Introduction of Predictive Methods

The emphasis placed in the May 17 Board motion on the establishment of more effective spending patterns dovetails with inquiries RES is making with the Homeless Initiative, the Office of the Chief Information Officer (CIO), and County Counsel, to explore the possibility of introducing predictive methodologies into the process of identifying the County's most costly homeless clients.

- Such methods would use a larger set of variables to identify both single adults who have been homeless and comparatively expensive County clients, as well as those with no history of homelessness and/or costly patterns of service use, but who have other characteristics that suggest a high probability of becoming high cost homeless services users.
- Pending the assessment and approval of the CEO, County Counsel, and the Internal Services Department (ISD), RES will oversee a no-cost competitive process in which specialists in these methods will be asked to apply predictive models to historical data. RES will then weigh the comparative value of the resulting output and actionable information against results produced using the standard methods.
- The competitive process will be approached as a proof of concept with respect to the effectiveness of introducing predictive analytics into the prioritization process and will enable selection of the most appropriate analytics partner (if any).

Additional Analysis of the 5% Segment

In keeping with the directions provided in the May 17 Board motion, RES conducted a closer examination of the 5% Segment analyzed in RES's FY 2014-15 homeless cost analysis. This group consists of 7,441 adults. Los Angeles County spent an estimated \$381.2 million on these clients across six County agencies over the 12 months of observation, which is roughly 40% of the total expenditure on the full study population which consists of 148,815 individuals. Figure 1 shows the distribution of the \$381.2M across three general service domains: *Health* (DHS, DMH, DPH/SAPC). The \$381.2M in Figure 1 represents 86% of the total service costs related to the subpopulation; Law Enforcement (the Sheriff and Probation), comprising 8% of the spending; Social Services (DPSS), comprising 6% of the total cost.



Knowing the Discretion County Agencies Have over the Deployment of Health Revenues

Costs associated with the 5% Segment are in large part driven by expensive inpatient health services, including residential forms of treatment, provided through DHS, DMH and DPH/SAPC.

- The three health departments spent \$193.8 million in FY 2014-5 in providing *inpatient* services to patients in the 5% Segment, which is roughly three-fifths of the \$328.3 million the three departments spent on these adults (Figure 2).
- A small portion of the funding for these services is NCC. Most of the funding is revenue from State- and Federal- funding sources that pay on a fee-for-service basis and/or through capitated financing arrangements.
- Since the degree to which departments have discretion in re-directing health cost revenues is not known systematically, an analysis that answers this question in detail would produce more refined information to inform decisions about the allocation of resources, the potential to redirect resources, and the most effective approaches to take in reinvesting savings.

Figure 2
Inpatient and Outpatient Service Costs Provided to the 5% Segment through DHS, DMH and DPH/SAPC, FY 14-15

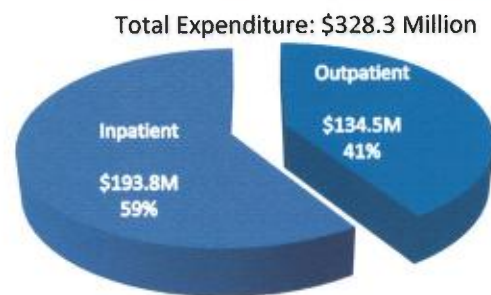
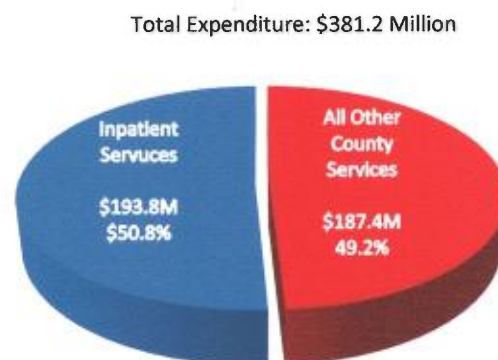


Figure 3
Costs Associated with DHS, DMH and DPH Services Provided to the 5% Segment in Relation to Other Service Costs, FY 2014-15

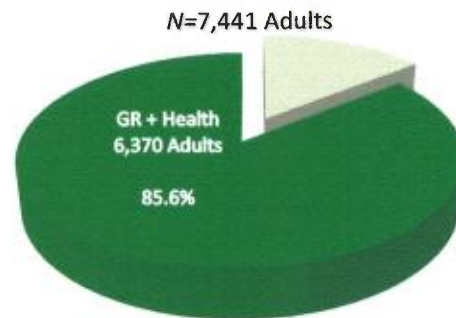


The Significance of DPSS and the General Relief Program

Factors such as the General Relief (GR) program's reach with respect to the County's homeless single adult population, the NCC used to pay for monthly GR benefits, and DPSS's efforts to make Permanent Supportive Housing (PSH) available to high-acuity homeless GR recipients through the Single Adult Model (SAM) taken together mean that DPSS and GR are particularly consequential to the ranking, outreach and engagement processes.

- The combination of GR and health-related services provides access to almost nine of every ten persons in the 5% Segment for FY 2014-15.
- Although the primary focus of this brief are adults in the 5% Segment, it is important in this context to note that GR benefits paid to the full study population examined in the report amounted to an estimated \$152.2 million, which is close to 16% of the total spending on roughly 150,000 homeless single adults in the cost report's study population.

Figure 4
GR Receipt and Use of Health-Related Services within the 5% Segment



These GR dollars are 100% NCC and, provided compliance with State-level General Assistance requirements is maintained, constitute a potentially fertile strategic area in terms of the County's efforts to combat homelessness.

The 5% Segment and the Homeless Initiative's Discharge Strategies

Inpatient services, including services provided on a residential basis, is the main driver of the County's costs in providing the 5% Segment with services. The discharge process is therefore critical to the County's efforts to combat homelessness, particularly since 36.7% of the inpatient service costs associated with the 5% Segment in the FY 2014-15 cost report were expenditures on psychiatric inpatient and residential services provided through DHS and DMH.

- Strategies concerning discharge practices occupy an important place in the Homeless Initiative's countywide approach to the homeless crisis. Strategy A2, for instance, directs DHS to assume lead responsibilities in working with health services providers both inside and outside County government to 'develop recommended Discharge Planning guidelines, including both common elements and elements that are specific to a particular department/institution.'
- DHS might consider the inclusion of querying the biannual 5% Segment files as part of its discharge guidelines. Doing so would put the County's health service providers in a position to offer those in the file at any particular time housing and services as part of an effort to prevent a return to homelessness.

Next Steps

RES is currently collecting homeless source data for the first 5% Segment identification process. The source files will form the basis for an analysis that will consider all single adults identified in Homeless Management Information System or County data as having been homeless over the most recent 12 months. The analysis will examine costs associated with providing these adults with services over the most recent six months. This process is expected to take between four and six weeks.